

IN THE UNITED STATES BANKRUPTCY COURT FOR THE
DISTRICT OF DELAWARE

In re:)	
W.R. GRACE & CO., et al.)	
)	
Debtors.)	Bk. No. 1:01-01139
)	Jointly administered
)	
)	Chapter 11

DECLARATION OF GEORGE R. STEWART

I, George R. Stewart, hereby state and declare pursuant to the provisions of 28 U.S.C.

§ 1746(2) as follows:

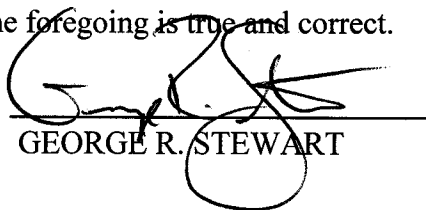
1. I am an attorney with the U.S. Department of Justice, Tax Division.
2. As part of my duties as an attorney for the Tax Division, I represent the United States in CCHP, Inc. v. United States, Fed. Cl. 99-158 T, a federal tax refund action brought in the Court of Federal Claims.
3. CCHP, Inc. (CCHP), a subsidiary of W.R. Grace & Co., is seeking a tax refund of \$3,797.74 for Federal Insurance Contributions Act (FICA) taxes and federal income tax withholding (FITW) taxes. The United States has counterclaimed for \$21,807,996.56, which represents the unpaid assessed taxes and interest. The United States' counterclaim involves the same factual and legal issues raised in CCHP's refund claim.
4. CCHP is an employment agency which places nurses around the country in temporary assignments. About 10,000 nurses were employed by the company during the quarters at issue, with over 13,000 separate assignments. The main issue in the case deals with whether CCHP should have withheld FICA and FITW for certain expense allowances that it gave to the nurses. The secondary

issues are (1) whether in-kind lodging CCHP provided its employees constituted a working condition fringe benefit within the meaning of 26 U.S.C. § 132(a), and (2) whether CCHP had legally sufficient notice of its obligation to withhold FICA and federal income tax in these circumstances.

5. At the time the bankruptcy action commenced, the action in the Court of Federal Claims was well-advanced. Extensive discovery had been conducted and counsel for the parties were working to prepare a factual stipulation for the purposes of moving for summary judgment.

I declare under the penalty of perjury that the foregoing is true and correct.

10/25/01
Date


GEORGE R. STEWART